AZ Al Mal MENA Equity Fact Sheet

December 2022

NAV Per Unit: USD 6.76

Fund Manager Commentary

During December, the S&P 500 dropped 6.2%, while the Nasdaq tumbles 9.7%. The major indices are on pace for their biggest monthly declines since September. After a brutal year of inflation and recession fears, investors hoped to cap off 2022 on a positive note however bearish sentiment seems to be the name of the game at least until the Fed pivots. Obstacles such as the war between Russia and Ukraine, surging inflation, the Federal Reserve hiking rates for the first time since 2018, only instilled greater recession fears. Nonetheless, the labor market has remained resilient even as interest rates have risen. Yields in 2022 surged to their highest levels since 2008. Furthermore, the yield curve inversion between the 2-year and the 10-year Treasury notes hit their widest level in four decades.

GDP in Saudi Arabia grew by 8.8% y/y and 2.1% q/q in Q3, supported by both oil and non-oil sector growth (14.2% y/y and 6% respectively). Within the non-oil sector, manufacturing posted the strongest gains. Saudi Arabia's finance minister disclosed that nominal GDP is expected to rise to a record-high SAR 3.97trn (USD 1.05trn) this year and rise further to SAR 3.9-4trn in 2023. Saudi Arabia's fiscal balance has moved into a surplus this year roughly 2.3% of GDP thanks to the increase in both oil and non-oil revenues. In 2023, revenues are estimated to drop by 8% y/y reducing the budget surplus by a tenth to SAR 9bn. Diversification efforts will support non-oil revenue generation in Saudi Arabia. Various financing tools have been mentioned in the Ministry's report (including bonds, sukuk and loans), to support the rollout of strategic & developmental projects.

Portfolio Holding Maaden announced the renewal of its five-year murabha revolver loan for five more years. The murabha revolver loan was financed by Saudi National Bank, Banque Saudi Fransi, Al Rajhi Bank, Saudi British Bank, Gulf International Bank, Riyad Bank, Bank Al Jazira and Arab National Bank, worth SAR11.25bn, raised from the previous SAR7.5bn. We appreciate the company's efforts to pro-actively reduce the risk of commodity price downturn, strengthen the Company liquidity and support future growth projects.

The Communications, Space and Technology Commission (CST) announced that Portfolio Holding STC has won the auction for non-terrestrial networks (NTN), whereby it was bidding against three other companies on two spectrum blocks with a total bandwidth of 60MHz. The frequency spectrum will allow STC to carry out mobile satellite services (MSS) and extend its coverage of in-flight broadband internet access (through air-to-ground or A2G solution) to all regions of the Kingdom. The auction aims to extend coverage to areas lacking terrestrial network coverage and promote technological innovation through stimulating the deployment of NTNs. We continue to like STC given their diversified business lines, lion's share of the market and numerous upside catalysts poised to unlock value.

Objective

Achieve capital appreciation, primarily through investment in equity and equity related securities in the Middle East and North African markets.

Fund Performance

Performance[1]	Fund	Benchmark[2]	Alpha
1 Month	-2.2%	-4.0%	1.8%
YTD[3]	-0.5%	-7.8%	7.3%
1 Year	0.0%	-7.4%	7.4%
3 Year	39.5%	19.8%	19.7%
5 Year	52.0%	34.3%	17.7%
Since Inc.	35.1%	15.1%	20.0%

[1] Performance is net of fees; return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 28th December 2022

Top 5 Holdings

Holding	% of Fund
Saudi National Bank	7.2
Saudi Aramco	6.8
Tanmiah Food Company	4.6
Adnoc Drilling Company	4.3
Qatar National Bank	4.2

Fund Analysis

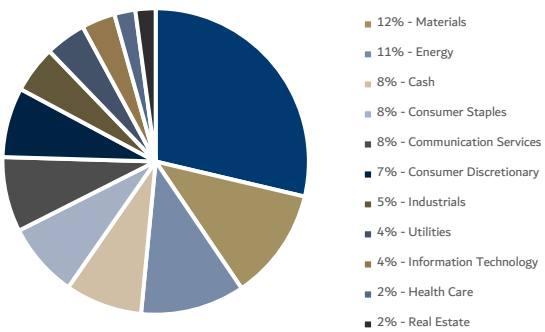
Matrix[4]	Fund	Benchmark
Standard Deviation	14.1%	16.2%
Tracking Error	5.9%	
Beta	0.8	
No. of Holdings	36	

[4] The fund characteristics are based on the historical data of the Al Mal MENA Equity Fund as the AZ Al Mal Equity Fund continues to follow the same strategy; calculated using 3-year weekly data

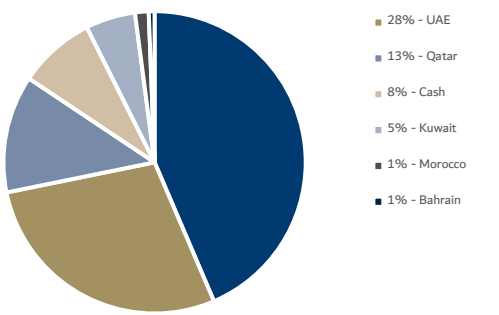
Fund Information

Investment Manager	Azimut (DIFC) Limited
Investment Advisers	Al Mal Capital PJSC
Fund Advisor	Faisal Hasan, CFA
Inception Date	June 26, 2019
Fund Size	USD 64 million
Strategy Size	USD 250 million
Domicile	Luxembourg
Currency	USD
Subscription & Redemption	Weekly
Min Subscription	USD 1 (Retail) -250,000 (Institutional)
Bloomberg Code	AZ3AZUA LX
Management Fee	Up to 2.0%
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator & Custodian	BNP Paribas

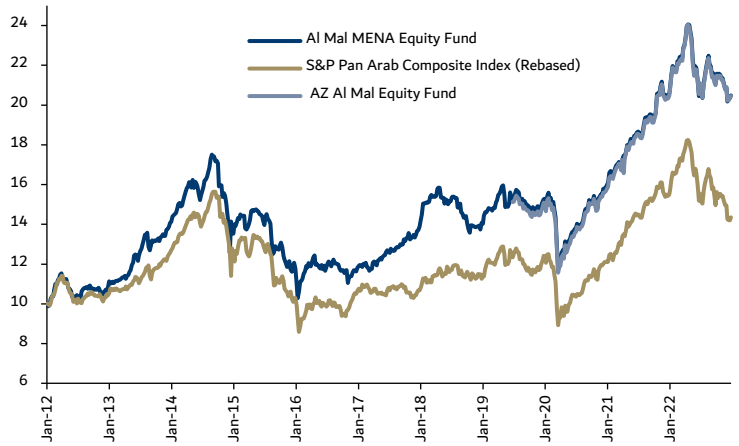
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



Disclaimer

None of the information and opinions contained herein is intended to form the basis for any investment or trading decision, and no specific recommendations are intended. The products and transactions described herein are not suitable for every investor. Such products and transactions are only suitable for sophisticated and knowledgeable professional users of financial instruments, and are structured and customized to the needs and objectives of each investor. The information and opinions contained herein have been prepared for informational purposes only and do not constitute an offer to sell, or solicitation of an offer to purchase, any security, any commodity futures contractor commodity-related product, any derivative product, or any trading strategy or service described herein.

Neither Al Mal Capital PSC nor any of its affiliates, directors, authorized managers and/or employees accepts liability for any loss arising from the use of or makes any representation as to the accuracy or completeness of the terms and conditions of products and transactions described herein. Finalized terms and conditions are subject to further discussion and negotiation, and will be determined in part on the basis of pricing and valuation models, data, and assumptions that are proprietary to Al Mal Capital and its affiliates. No assurance can be given that a product or transaction can, in fact, be executed on any representative terms indicated herein.

Al Mal MENA Equity Fact Sheet

December 2022

NAV Per Unit: USD 10.53

Fund Manager Commentary

During December, the S&P 500 dropped 6.2%, while the Nasdaq tumbles 9.7%. The major indices are on pace for their biggest monthly declines since September. After a brutal year of inflation and recession fears, investors hoped to cap off 2022 on a positive note however bearish sentiment seems to be the name of the game at least until the Fed pivots. Obstacles such as the war between Russia and Ukraine, surging inflation, the Federal Reserve hiking rates for the first time since 2018, only instilled greater recession fears. Nonetheless, the labor market has remained resilient even as interest rates have risen. Yields in 2022 surged to their highest levels since 2008. Furthermore, the yield curve inversion between the 2-year and the 10-year Treasury notes hit their widest level in four decades.

GDP in Saudi Arabia grew by 8.8% y/y and 2.1% q/q in Q3, supported by both oil and non-oil sector growth (14.2% y/y and 6% respectively). Within the non-oil sector, manufacturing posted the strongest gains. Saudi Arabia's finance minister disclosed that nominal GDP is expected to rise to a record-high SAR 3.97trn (USD 1.05trn) this year and rise further to SAR 3.9-4trn in 2023. Saudi Arabia's fiscal balance has moved into a surplus this year roughly 2.3% of GDP thanks to the increase in both oil and non-oil revenues. In 2023, revenues are estimated to drop by 8% y/y reducing the budget surplus by a tenth to SAR 9bn. Diversification efforts will support non-oil revenue generation in Saudi Arabia. Various financing tools have been mentioned in the Ministry's report (including bonds, sukuk and loans), to support the rollout of strategic & developmental projects.

Portfolio Holding Maaden announced the renewal of its five-year murabha revolver loan for five more years. The murabha revolver loan was financed by Saudi National Bank, Banque Saudi Fransi, Al Rajhi Bank, Saudi British Bank, Gulf International Bank, Riyad Bank, Bank Al Jazira and Arab National Bank, worth SAR11.25bn, raised from the previous SAR7.5bn. We appreciate the company's efforts to pro-actively reduce the risk of commodity price downturn, strengthen the Company liquidity and support future growth projects.

The Communications, Space and Technology Commission (CST) announced that Portfolio Holding STC has won the auction for non-terrestrial networks (NTN), whereby it was bidding against three other companies on two spectrum blocks with a total bandwidth of 60MHz. The frequency spectrum will allow STC to carry out mobile satellite services (MSS) and extend its coverage of in-flight broadband internet access (through air-to-ground or A2G solution) to all regions of the Kingdom. The auction aims to extend coverage to areas lacking terrestrial network coverage and promote technological innovation through stimulating the deployment of NTNs. We continue to like STC given their diversified business lines, lion's share of the market and numerous upside catalysts poised to unlock value.

Objective

Achieve capital appreciation, primarily through investment in equity and equity related securities in the Middle East and North African markets.

Fund Performance

Performance[1]	Fund	Benchmark[2]	Alpha
1 Month	-2.2%	-4.0%	1.8%
YTD[3]	-1.1%	-7.8%	6.7%
1 Year	-0.1%	-7.1%	7.0%
3 Year	38.8%	22.8%	16.0%
5 Year	53.1%	37.5%	15.6%
Since Inc.	32.9%	-23.3%	56.2%

[1] Performance is net of fees; 3-year and 5-year return is cumulative
[2] S&P Pan Arab Composite Index
[3] As of 28th December 2022

Top 5 Holdings

Holding	% of Fund
Saudi National Bank	6.9
Saudi Aramco Co.	5.9
Tanmiah Food Company	4.4
Qatar Gas Transport	4.1
Adnoc Drilling Company	4.1

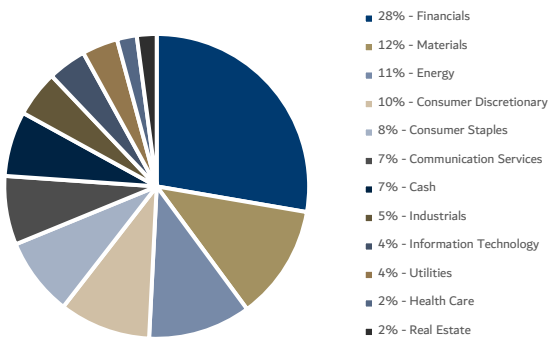
Fund Analysis

Matrix[4]	Fund	Benchmark
Standard Deviation	14.0%	16.0%
Tracking Error	5.6%	
Beta	0.8	
Dividend Yield 2022	4.0%	
No. of Holdings	36	

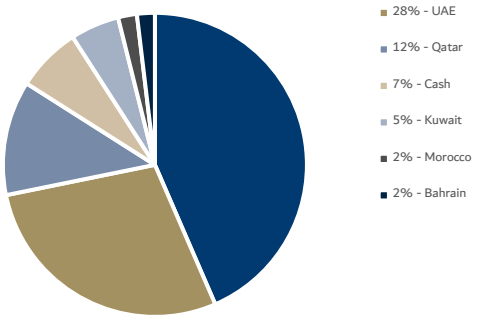
Fund Information

Fund Manager	Faisal Hasan, CFA
Inception Date	15th June 2008
Fund Size	USD 22 million
Strategy Size	USD 250 million
Domicile	Bahrain
Currency	USD
Subscription & Redemption	Weekly
Min Subscription	USD 250,000
Bloomberg Code	MALMENE BI
Management Fee	1.75%
Benchmark Index	S&P Pan Arab Composite
Fund Type	Open Ended
Administrator	Apex
Custodian	Standard Chartered

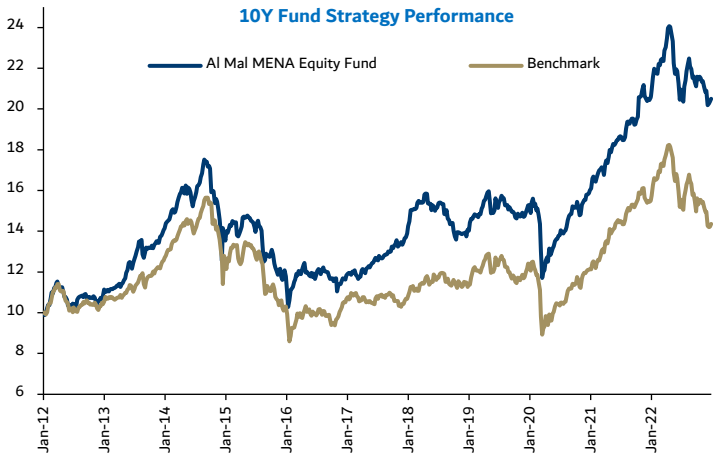
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



Disclaimer

None of the information and opinions contained herein is intended to form the basis for any investment or trading decision, and no specific recommendations are intended. The products and transactions described herein are not suitable for every investor. Such products and transactions are only suitable for sophisticated and knowledgeable professional users of financial instruments, and are structured and customized to the needs and objectives of each investor. The information and opinions contained herein have been prepared for informational purposes only and do not constitute an offer to sell, or solicitation of an offer to purchase, any security, any commodity futures contractor commodity-related product, any derivative product, or any trading strategy or service described herein.

Neither Al Mal Capital PSC nor any of its affiliates, directors, authorized managers and/or employees accepts liability for any loss arising from the use of or makes any representation as to the accuracy or completeness of the terms and conditions of products and transactions described herein. Finalized terms and conditions are subject to further discussion and negotiation, and will be determined in part on the basis of pricing and valuation models, data, and assumptions that are proprietary to Al Mal Capital and its affiliates. No assurance can be given that a product or transaction can, in fact, be executed on any representative terms indicated herein.

Al Mal UAE Equity Fact Sheet

December 2022

NAV Per Unit: AED 1.58

Fund Manager Commentary

The DFM General Index rose 0.36% in the month of December. Dubai's economy grew 4.6% y/y in the first nine months of 2022. Growth slowed to 2.3% y/y in Q2 but then picked up again to 6.0% y/y in Q3. Manufacturing and utilities output growth has accelerated in Q3 on an annual basis, as has wholesale and retail trade. Overall however, wholesale and retail trade GDP growth has slowed this year relative to 2021, but this is likely also due to base effects post-pandemic. The ADX fell -2.46% in December on weaker oil prices, although it was 2022's best performer among the Gulf Cooperation Council countries. The index finished the year with a more than 20% gain, after hitting an all-time high in early November.

The UAE issued the Federal Decree Law No 47 of 2022 on Taxation of Corporations and Businesses: a standard rate of 9% will be levied on companies' taxable profits exceeding AED 375,000 (USD 102,000). The tax will be charged on earnings for financial years starting on or after June 1, 2023. In recognition of the fundamental role of free trade zones in driving the nation's economic transformation, the existing free zone entities will be eligible to benefit from a 0 percent Corporate Tax rate on qualifying income.

Portfolio Holding Abu Dhabi Ports Group signed an agreement to launch a joint venture with Kazakh National Oil Company's subsidiary, an offshore logistics and services company. The JV aims to offer offshore and shipping services for energy companies in the Caspian Sea, such as offshore support vessels and integrated offshore logistics and subsea solutions. The company also intends to tender projects with approximate maritime contracts valued at USD780mn. Both Ad Ports and KMTF signed a 7-year contract for pool tanker services, pertaining the provision of a few tankers that will transport crude oil internationally. Furthermore, KMTF and SAFEEN will work together to carry 8-10m tonnes of crude oil annually.

Portfolio Holding ADNOC Drilling signed a USD200m contract to acquire two high-specification offshore jack-up rigs. The company also signed sale and purchase agreements in November for three rigs, May for two rigs, June for one rig and August for one rig, as part of its three-year capex guidance for its fleet expansion plans. The capex will be recorded in 2022 and 2023, while the financial impact will be reflected subsequently.

Objective

Achieve medium to long-term capital growth by investing primarily in equities listed on the UAE Exchange.

Fund Performance

Performance[1]	Fund	Benchmark[2]	Alpha
1 Month	-2.8%	-3.4%	0.6%
YTD[3]	6.6%	2.6%	4.0%
1 Year	6.4%	3.3%	3.1%
3 Year	51.3%	28.1%	23.2%
5 Year	50.3%	18.1%	32.2%
Since Inc.	108.2%	-27.1%	135.3%

[1] Performance is net of fees; return is cumulative
[2] S&P UAE Domestic 10% Capped Index
[3] As of 28th December 2022

Top 3 Holdings

Holding	% of Fund
Abu Dhabi Ports	6.9
Emaar Properties	6.8
Emirates NBD	6.3

Fund Analysis

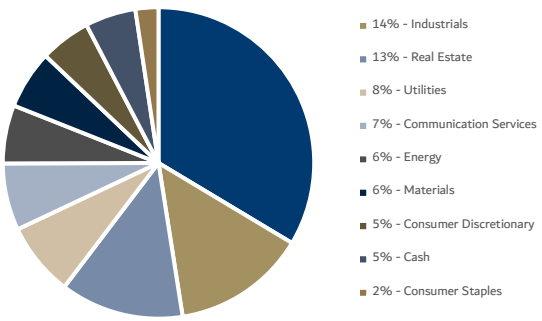
Matrix[4]	Fund	Benchmark
Standard Deviation	16.7%	23.9%
Tracking Error	10.5%	
Beta	0.6	
Dividend Yield 2022	4.0%	
No. of Holdings	21	

[4] Calculated using 3-year weekly data

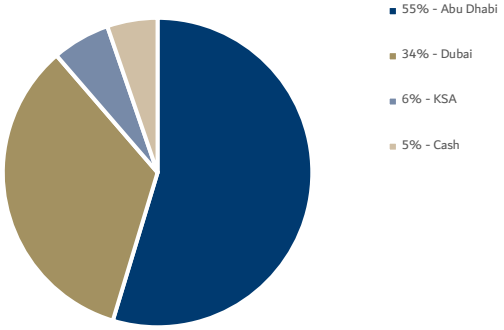
Fund Information

Fund Manager	Faisal Hasan, CFA
Fund Size	AED 56 million
Domicile	UAE
Currency	AED
Subscription & Redemption	Weekly
Min Subscription	AED 40,000
Management Fee	1.50%
Performance Fee	20% over 10% hurdle with high watermark
Financial Year End	31st December
Benchmark Index	S&P UAE Domestic 10% Capped Index
Fund Type	Open Ended
Administrator & Custodian	Standard Chartered

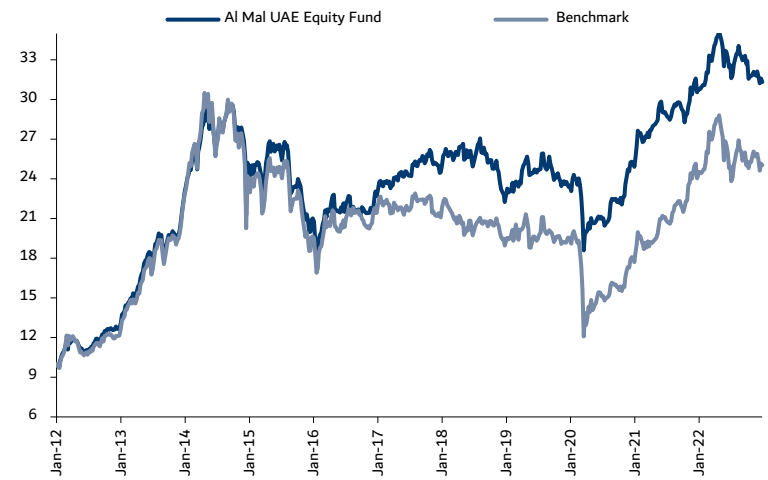
Sector Allocation



Geographic Allocation



10Y Fund Strategy Performance



Disclaimer

None of the information and opinions contained herein is intended to form the basis for any investment or trading decision, and no specific recommendations are intended. The products and transactions described herein are not suitable for every investor. Such products and transactions are only suitable for sophisticated and knowledgeable professional users of financial instruments, and are structured and customized to the needs and objectives of each investor. The information and opinions contained herein have been prepared for informational purposes only and do not constitute an offer to sell, or solicitation of an offer to purchase, any security, any commodity futures contractor commodity-related product, any derivative product, or any trading strategy or service described herein.

Neither Al Mal Capital PSC nor any of its affiliates, directors, authorized managers and/or employees accepts liability for any loss arising from the use of or makes any representation as to the accuracy or completeness of the terms and conditions of products and transactions described herein. Finalized terms and conditions are subject to further discussion and negotiation, and will be determined in part on the basis of pricing and valuation models, data, and assumptions that are proprietary to Al Mal Capital and its affiliates. No assurance can be given that a product or transaction can, in fact, be executed on any representative terms indicated herein.